

INDEPENDENT AUDITOR'S REPORT

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**BALTIMORE PUBLIC WORKS MUSEUM, INC.**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2003

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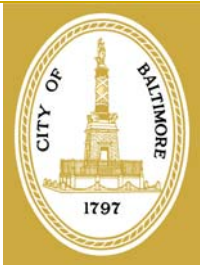


City of Baltimore  
Department of Audits

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## CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



## DEPARTMENT OF AUDITS

YOVONDA D. BROOKS, CPA

City Auditor

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Baltimore, Maryland 21202  
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### INDEPENDENT AUDITOR'S REPORT

November 24, 2003

Honorable Joan M. Pratt, Comptroller  
And Other Members of the  
Board of Estimates  
City of Baltimore  
Board of Trustees of the Baltimore Public Works Museum, Inc.

We have audited the accompanying statement of financial position of the Baltimore Public Works Museum, Inc., as of June 30, 2003, and the related statements of activity and cash flows for the year then ended. These financial statements are the responsibility of the Baltimore Public Works Museum's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Baltimore Public Works Museum, Inc., as of June 30, 2003, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

BALTIMORE PUBLIC WORKS MUSEUM, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2003

Assets:

Cash.....	\$ 21,223
Museum inventory.....	2,482
Assets restricted to plant equipment (net of accumulated depreciation of \$74,885).....	<u>9,296</u>
Total assets.....	<u><u>\$ 33,001</u></u>

Liabilities and net assets:

Total liabilities.....	<u>\$ -</u>
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Net assets:

Unrestricted.....	23,705
Permanently restricted investment in plant equipment.....	<u>9,296</u>
Total net assets.....	<u>33,001</u>
Total liabilities and net assets.....	<u><u>\$ 33,001</u></u>

See notes to financial statements.

BALTIMORE PUBLIC WORKS MUSEUM, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2003

Changes in unrestricted net assets:

Revenues and gains:

City of Baltimore support.....	\$ 239,323
Membership.....	225
Contributions.....	3,284
Admissions.....	9,537
Revenue, auxiliary activities.....	6,273
Other revenues.....	<u>599</u>

Total unrestricted income.....	<u>259,241</u>
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Less expenses and losses:

Program

Museum operations.....	168,530
Exhibits.....	2,293

Support services

Management and general.....	76,836
Cost of sales, auxiliary activities.....	<u>4,934</u>

Total expenses and losses.....	<u>252,593</u>
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Increase in unrestricted net assets.....	<u>6,648</u>
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Changes in permanently restricted net assets:

Museum operations.....	<u>(1,318)</u>
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Decrease in permanently restricted net assets.....	<u>(1,318)</u>
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Increase in net assets.....	<u>5,330</u>
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Net assets, July 1, 2002.....	<u>27,671</u>
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Net assets, June 30, 2003.....	<u><u>\$ 33,001</u></u>
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See notes to financial statements.

BALTIMORE PUBLIC WORKS MUSEUM, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2003

Net Cash Flows from Operating Activities:

Increase in Net Assets.....	<u>\$ 5,330</u>
Adjustments to reconcile the increase in net assets to net cash used by operating activities:	
Depreciation.....	1,318
Increase in inventory.....	(636)
Increase in equipment.....	<u>(4,094)</u>
Total adjustments.....	<u>(3,412)</u>
Net cash provided by operating activities.....	1,918
Cash, July 1, 2002.....	<u>19,305</u>
Cash, June 30, 2003.....	<u><u>\$ 21,223</u></u>

See notes to financial statements.

BALTIMORE PUBLIC WORKS MUSEUM, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2003

1. DESCRIPTION

The Baltimore Public Works Museum, Inc. (Museum) is a non-profit organization, which is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and was incorporated in the State of Maryland on August 10, 1982. This corporation was organized and chartered to accumulate, preserve and exhibit collections representative of Public Works and its impact upon the citizens of Baltimore. The corporation is also responsible for promoting the services of Public Works.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Baltimore Public Works Museum, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of resources available to the Museum, its accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

The assets, liabilities and fund balances of the Museum are reported as unrestricted and permanently restricted. The unrestricted funds represent resources available for the support of the Museum operations, and the permanently restricted funds represent resources restricted to plant acquisitions and expenditures.

PLANT EQUIPMENT

Equipment is stated at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

INVENTORY

The Museum inventory is stated at cost using a periodic physical count process. A first-in, first-out (FIFO) flow assumption is used by the Museum in determining the cost.

### 3. COLLECTIONS

The Museum has a limited collection of artwork representative of Public Works. The collection is maintained under the care of the Museum's staff and is held for education and public exhibition in furtherance of public service, rather than for financial gain. The Museum does not include the value of its collection in the Statement of Financial Position, nor does it recognize gifts of collection items as revenue in the Statement of Activities. Since items acquired for the collection by purchase are not capitalized, the cost of those acquisitions is reported as expenses in the Statement of Activities. During the year ended June 30, 2003, exhibit purchases totaled \$2,293.

### 4. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs benefited.